

Purchases of Tangible Personal Property and Services by a Nonprofit Charitable Hospital, Nonprofit Nursing Home, Nonprofit Rest Home, or Nonprofit Residential Care Home

General Purpose: A nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home must issue this certificate to retailers when purchasing tangible personal property or taxable services to be used by the institution exclusively for the purposes for which it was established.

The term **hospital** is defined in Conn. Gen. Stat. §19a-490(b) as an establishment for the lodging, care, and treatment of persons suffering from disease or other abnormal physical or mental conditions and includes inpatient psychiatric services in general hospitals.

The terms **nursing home, rest home, and residential care home** are defined in Conn. Gen. Stat. §19a-490(c) as an establishment that furnishes, in single or multiple facilities, food and shelter to two or more persons unrelated to the proprietor and in addition, provides services that meet a need beyond the basic provisions of food, shelter, and laundry.

Under Conn. Gen. Stat. §12-412(5), a qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home is:

- An institution that holds a valid and active license issued by the Department of Public Health under Conn. Gen. Stat. §19a-491 of Chapter 368v; **and either**
- An institution issued an exemption permit before July 1, 2002, by the Department of Revenue Services (DRS) that has not been cancelled or revoked by DRS; **or**
- An institution that is exempt from federal income tax under I.R.C. §501(a) and has been issued a determination letter by the Internal Revenue Service (IRS) as an organization described in I.R.C. §501(c)(3) or (4), and that has not been revoked by IRS.

A qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home that is not, and is not required to be, registered as a retailer with DRS may use this certificate to purchase any tangible personal property for resale at one of the five fundraising or social events of a day's duration during any calendar year. The event must be exempt from tax under Conn. Gen. Stat. §12-412(94). Otherwise, these nonprofit institutions may not purchase tangible personal property for resale with this certificate.

This certificate may not be used for purchases of taxable services for resale. This certificate may not be used for the purchase of meals or lodging, unless a qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home that is not, and is not required to be, registered as a retailer with DRS is purchasing meals for resale at one of the five fundraising or social events per year that is exempt from tax under Conn. Gen. Stat. §12-412(94). (See **Special Notice 98(11)**, *Exemption From Sales and Use Taxes of Sales by Nonprofit Organizations at Fundraising or Social Events* or **Informational Publication 2002(11)**, *Nonprofit Hospitals, Nonprofit Nursing Homes, Nonprofit Rest Homes, and Nonprofit Residential Care Homes*.)

If the purchaser is not a qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home or does not use the property or services purchased exclusively for the purposes for which the institution was established, the purchaser owes use tax on the total purchase price of the property or services.

Statutory Authority: Conn. Gen. Stat. §12-412(5) and (94), and Chapter 368v of the Connecticut General Statutes.

Instructions for the Purchaser: An officer of a qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home must issue and sign this certificate to advise the seller of tangible personal property or taxable services that sales and use taxes do not apply to the purchase. Keep a copy of the certificate, the documents attached, and records that substantiate the information entered on this certificate for at least six years from the date this certificate is issued.

The purchaser must attach to this certificate a copy of the:

- License issued by the Department of Public Health under Chapter 368v of the Connecticut General Statutes **and either**;
- Exemption permit issued to the organization by DRS prior to July 1, 2002; **or**
- Determination letter issued by the IRS that establishes the organization is an exempt organization as described in I.R.C. §501(c)(3) or (4).

Instructions for the Seller: Acceptance of this certificate, when properly completed, relieves the seller from the burden of proving that the sale and storage, use, or other consumption, of the tangible personal property or taxable services are not subject to sales and use taxes. The certificate is valid only if taken in good faith from a qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home. For example, the good faith of the seller will be questioned if the seller knows of facts that suggest the purchaser is not a qualifying nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home.

Keep this certificate, the documents attached, and bills or invoices to the purchaser for at least six years from the date the items or services were purchased. The bills, invoices, or records covering the purchases made under this certificate must be marked "Exempt Under CERT-113" to indicate that the purchases were exempt.

This certificate may be used for a single exempt purchase, in which case the box marked "Certificate for One Purchase Only" must be checked. This certificate may also be used for a continuing line of exempt purchases, in which event the purchaser must check the box marked "Blanket Certificate." A blanket certificate remains in effect from the date CERT-113 is issued until the date the institution's license with the Department of Public Health expires unless the purchaser revokes CERT-113 in writing before the date the license with the Department of Public Health expires.

A nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home must pay for its exempt purchases by a check drawn on its checking account or by a credit card issued in its name (and not in the name of any of its members or officers). A nonprofit charitable hospital, nonprofit nursing home, nonprofit rest home, or nonprofit residential care home may make a purchase of \$10 or less using cash from the institution's own funds. However, a blanket CERT-113 may not be used for a cash purchase, and a properly completed CERT-113, with the appropriate documents attached, must be issued to the retailer at the time of each cash purchase.

